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C O N F I D E N T I A L SECTION 01 OF 02 KATHMANDU 001133

SIPDIS

STATE FOR SA/INS, SA/RA AND INL, DS/IP/SA
LONDON FOR POL-GUERNSEY
NEW DELHI FOR DEA AND CUSTOMS

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TAGS: SNAR NP

SUBJECT: NEPAL: MID-YEAR STATUS REPORT ON DRUG TRAFFICKING

Classified By: Charge Robert K. Boggs for Reasons 1.5 (b,d).

¶11. (C) Summary. Nepali police have seized 149 kg of cannabis and hashish and 6.9 kg of heroin in the first half of 2003, up from only 38 kg of hashish and .38 kg of heroin in the same period in 2002. Forty-four Nepali citizens and 8 foreigners have been arrested in Nepal, while 12 Nepali citizens have been arrested overseas in connection with drug trafficking. Nepali police estimate that domestic production of cannabis and hashish is high, but seizures are extremely difficult, as most illicit drugs are transported by land to India. Anecdotal evidence indicates that Maoist insurgents levy a 35 percent tax on the cultivation and transportation of cannabis. Increased evidence of Nepali traffickers' expanding connections with international drug rings has raised fears that Nepal will become a transit point for heroin and other 'hard drugs' from India, Pakistan and Thailand to North America and Europe. End Summary.

¶12. (SBU) On June 17, PolOff met with Hemant Malla, Superintendent of Police for the Narcotic Drug Control Law Enforcement Unit (NDCLEU), to discuss progress on interdiction and conviction of drug traffickers in Nepal. The NDCLEU has eight satellite units: six in the Terai (southern belt), one in Pokhara and one at Tribhuvan International Airport outside Kathmandu. NDCLEU employs 21 police officers at the satellite units and 54 officers at headquarters in Kathmandu. Ten of these officers work undercover as buyer agents. (Note. Most interdictions made within Nepal are based on intelligence provided by the undercover police officers, not from random searches. End Note.) According to Malla, the NDCLEU's largest operational problem is the unpredictable rotation and reassignment of police in Nepal; officers may work at the NDCLEU anywhere from two months to several years. (Transfers of civil police in Nepal are common throughout the 46,000 strong force as a means to limit corruption.) Malla must constantly train new officers, which he does through a team-based approach whereby new officers are teamed with more experienced officers in the field.

Domestic Production, Consumption and Seizures

¶13. (SBU) Nepal is a source country for cannabis, which is exported primarily for consumption in India, and hashish, which ends up in North America, Europe and South East Asia. According to Malla, Nepal consumes approximately 30 percent of its domestically-grown cannabis and hashish as well as imported low-grade heroin from Pakistan and India. Malla also reported a growing incidence of methamphetamine use, as well as a rise in the abuse of prescription drugs, such as tidigesic injectable (synthetic heroin), nitrogepam and diazepam.

¶14. (C) Illicit growers in Nepal cultivate two breeds of marijuana: a 'high breed' that grows quickly and can be harvested three times per year, and a 'Nepali breed,' in higher-demand, that is only harvested twice per year in January-February and October-November. The NDCLEU, during the first 2003 harvesting season, seized 149 kg of cannabis in primarily four districts (Parsa, Bara, Mahattari and Makwanpur) in the Terai, the southern lowlands of Nepal. This year the NDCLEU also seized 6.9 kg of heroin in transit from India, as compared to 6.5 kg by year-end 2002. In connection with these seizures, the NDCLEU arrested 44 Nepali citizens and 8 foreigners, including 2 Israelis, 2 Poles, 3 Japanese and 1 Burmese. There have been no seizures of precursor chemicals since 1997.

¶15. (C) Malla would not estimate the quantity of hashish and cannabis exported by land to India, although he believed the amount was very high. Commercial trucks, returning to India after delivering goods in Nepal, and private vehicles stash illegal drugs in hidden compartments, including inside the seats and behind exterior side paneling. A commercial truck can stash 500-700 kilograms of hashish or cannabis, while a small private vehicle can easily stash 70 kilograms. Interdictions of these vehicles is extremely difficult, said Malla, because the India-Nepal border is open and porous, with thousands of vehicles crossing by each of the major

roads every day.

16. (C) Malla referred to anecdotal evidence that Maoist insurgents in the middle hills of Nepal levy a tax on both the cultivation and transportation of cannabis. Much of this cannabis is sold to China through rural Dolpa. Malla estimated that the levy was as high as 35 percent of the value of the crops.

International Connections are Growing

17. (C) Malla reported that a growing number of Nepali citizens are becoming active in the international drug trade. For the past six years, the NDCLEU has been working with DEA and other international drug control agencies to track three drug syndicates, helping in the arrest of over 100 traffickers from Pakistan, India, Indonesia, Thailand and Nepal. Malla reported a growth in the number of Nepali traffickers, based in Bangkok, who are involved in the financing and organizing of drug trafficking. So far this year, 12 Nepali citizens have been arrested outside the country for trafficking in hashish, cocaine and heroin, with one case linked to methamphetamines. In one case in early June, three Nepalis were arrested in China, near the Nepal border, carrying 4 kg of heroin. Malla said he had evidence that Nepali drug traffickers based overseas are expanding their connections with Pakistani, Thai, Indian and possibly other international drug rings. (Note. Three Yakuza were detained at Tribhuvan International Airport in early June with excessive cash. End Note.) He fears that these expanding networks will result in Nepal providing a transit point for heroin and other 'hard drugs' from South and South East Asia to North America and Europe.

Comment

18. (C) It is difficult to determine the reason for the increase in drug seizures. However, in view of Nepal's faltering tourism industry and declining economy, it is possible that Nepali farmers are increasing cannabis cultivation in order to feed their families and businessmen are looking for more lucrative trade. It is also possible that Maoist leaders are encouraging illicit production in an effort to fill their depleted war chests. The open border with India will continue to limit severely the ability of law enforcement agencies to interdict drug traffickers, creating a ripe environment attracting traffickers to Nepal. End Comment.
BOGGS